

MUR # 7133

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BEFORE THE UNITED STATES
FEDERAL ELECTION COMMISSION

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Paul R. Chabot
12223 Highland Ave., #106-228
Rancho Cucamonga, CA 91739-2574

OFFICE OF GENERAL
COUNSEL

Paul Chabot Congress
12223 Highland Ave., #106-228
Rancho Cucamonga, CA 91739-2574, and

MUR No. _____

Kelly Lawler, Treasurer
12223 Highland Ave., #106-228
Rancho Cucamonga, CA 91739-2574.

COMPLAINT

This Complaint is filed pursuant to 52 U.S.C. § 30109(a)(1) against Paul R. Chabot, Paul Chabot Congress, and Kelly Lawler, its Treasurer (collectively, "Respondents") for multiple violations of the Federal Election Campaign Act of 1971, as amended (the "Act") and Commission rules. Specifically, it appears as if Chabot raided his children's savings in order to make an excessive loan to his campaign, and then misreported the source of those funds. Chabot's violations are described in detail herein.

I. FACTUAL BACKGROUND

Paul R. Chabot is a currently a candidate for congress in California's Thirty-First Congressional District. He filed a designation of counsel with the Commission on February 23, 2015.¹ Chabot was also a candidate for Congress during the 2014 election.² Paul Chabot Congress (the "Committee") is his principal campaign committee.

On March 29, 2016, Chabot reported loaning the Committee \$50,000 for his June 7, 2016 primary election.³ However, according to subsequent filings and press reports, it appears as if Chabot may not have been the true source of the funds. On May 16, 2016, Chabot filed two financial disclosure reports ("FDs") with the Clerk of the U.S. House of Representatives under

¹ See Paul R. Chabot Form 2 (filed Feb. 23, 2015).

² See Paul R. Chabot Form 2 (filed Mar. 11, 2014).

³ See Pal Chabot Congress, 2016 April Quarterly Report, at 41 (filed Apr. 15, 2016).

penalty of false statement.⁴ The first, the 2015 FD, was filed over a year late,⁵ and reported Chabot's assets and other financial activity through a date within 30 days of May 15, 2015.⁶ The second, the 2016 FD, reported Chabot's assets and other financial activity through a date within 30 days of May 16, 2016.⁷

Chabot's filings were woefully deficient; according to news reports, Chabot failed to disclose the identity of any of his assets.⁸ However, Chabot did disclose the owner of each asset that he reported. On the 2015 FD, Chabot identified a single asset as being owned by one or more of his dependent children worth \$50,001 to \$100,000 as of the close of the reporting period. On the 2016 FD, filed shortly after the March 2016 loan, Chabot again disclosed as single asset as being owned by his dependent children, but on the 2016 report the value was reported as \$1 to \$1,000 as of the close of the reporting period. Meanwhile, the rest of Chabot's assets appear to have gone up in value or remained at their 2015 values. Thus, it appears as if Chabot made the loan to himself from his dependent children's funds.

II. LEGAL BACKGROUND AND ANALYSIS

The Act strictly limits the amount of funds that a person may contribute to a candidate's committee.⁹ The current limits for a campaign are \$2,700 per election.¹⁰ Except in limited cases not here relevant, these limits apply to loans made to a committee.¹¹ Though a candidate may make a loan to himself in excess of these limits, such a loan must be made from the candidate's personal funds.¹² A candidate's personal funds are those "[a]mounts derived from any asset that, under applicable State law, at the time the individual became a candidate, the candidate had legal right of access to or control over, and with respect to which the candidate had (1) [l]egal and

⁴ See 18 U.S.C. § 1001; 5 U.S.C. app. § 104(a).

⁵ *The latest salvos in the Pete Aguilar vs. Paul Chabot race*, The Press Enterprise (Aug. 26, 2016), available at <http://www.pe.com/articles/campaign-811658-term-opponent.html>;

⁶ Paul R. Chabot 2015 Financial Disclosure Report, attached as Exhibit A. See U.S. House of Representatives Committee on Ethics, *Instruction Guide: Financial Disclosure Statements and Periodic Transaction Reports, Calendar Year 2016*, available at <http://ethics.house.gov/forms/information-and-forms> (providing that candidate FDs must be current through a date falling within 30 days of the deadline).

⁷ Paul R. Chabot 2016 Financial Disclosure Report, attached as Exhibit B.

⁸ The Press Enterprise, *supra* note 5.

⁹ See 52 U.S.C. § 30116(a)(1)(A).

¹⁰ Federal Election Commission, Contribution Limits for 2015-2016 Federal Elections, at <http://www.fec.gov/info/contriblimitschart1516.pdf>.

¹¹ See 52 U.S.C. § 30101(8)(a)(1); 11 C.F.R. § 100.52(a).

¹² See 11 C.F.R. § 110.10.

rightful title; or (2) [a]n equitable interest.”¹³ They do not include the funds of a family member.¹⁴

Moreover, the Act requires that a candidate’s committee report the identification of each person who makes a contribution or contributions with an aggregate value exceeding \$200 during an election cycle.¹⁵ And a candidate may not make, or permit his name to be used to make, a contribution in the name of another person.¹⁶

Based on Chabot’s own FDs, filed under penalty of false statement, it appears as if Chabot violated these provisions. According to the FDs, as of April or May 2015, his dependent children owned a single asset worth \$50,001 to \$100,000. As of April or May 2016, just weeks after he reported making himself a \$50,000 loan, this asset was reported as having a value of under \$1,000. Thus, according to his own filings, Chabot appears to have drained his children’s savings account in order to make the loan to his campaign. By making the contribution with funds other than his personal funds, Respondents accepted an illegal contribution in excess of the limits, and then misreported the true source of the contribution.

The facts of this case are remarkably similar to another matter recently resolved by the Commission. In MUR 6440, Representative Frank Guinta received funds in the form of checks made payable to him, drawn from accounts held in his parent’s names. Though Guinta contended that he held an equitable interest in those accounts, the Commission nonetheless found reason to believe that Guinta violated the Act, and required him to pay a steep civil penalty.¹⁷ The Commission should do the same here.

III. CONCLUSION

As described above, Chabot’s own FDs, filed under penalty of false statement with the United States government, indicate that he used his children’s funds to make a loan to his campaign, in clear violation of the Act and Commission rules. The Commission should find reason to believe that Respondents have violated the Act, require the Recipient Respondents to refund or disgorge the full amount of the prohibited contributions received, impose the maximum civil penalty permitted by law, enjoin respondents from any and all future violations, and impose such additional remedies as it finds necessary and appropriate.

¹³ See *id.* §100.33.


¹⁴ See, e.g., MUR 6440, Conciliation Agreement (May 5, 2015).

¹⁵ 52 U.S.C. § 30104(b)(3).

¹⁶ 52 U.S.C. § 30122.

¹⁷ MUR 6440, Conciliation Agreement (May 5, 2015).

Respectfully Submitted,


HOWARD S. MORRIS

Rancho Cucamonga, CA, 91701

Sworn to and subscribed before me this __ day of August, 2016

Please see attached Notary Certificate

Notary Public

6102044440001

California Jurat Certificate

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of San Bernardino

s.s.

Subscribed and sworn to (or affirmed) before me on this 6th day of September Month

2016, by Howard S Morris

Name of Signer (1)

and

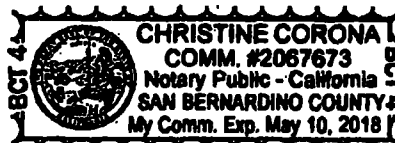
_____, proved to me on the basis of

Name of Signer (2)

satisfactory evidence to be the person(s) who appeared before me.



Signature of Notary Public



For other required information (Notary Name, Commission No. etc.)

Seal

OPTIONAL INFORMATION

Although the information in this section is not required by law, it could prevent fraudulent removal and reattachment of this jurat to an unauthorized document and may prove useful to persons relying on the attached document.

Description of Attached Document

The certificate is attached to a document titled/for the purpose of

Complaint

containing 5 pages, and dated September 6, 2016

Additional Information

Method of Affiant Identification

Proved to me on the basis of satisfactory evidence:

☐ form(s) of identification ☐ credible witness(es)

Notarial event is detailed in notary journal on:

Page # _____ Entry # _____

Notary contact: _____

Other

☐ Affiant(s) Thumbprint(s) ☐ Describe: _____